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FISCAL IMPACT STATEMENT

LS 6253 **NOTE PREPARED:** Mar 10, 2008
BILL NUMBER: HB 1065 **BILL AMENDED:** Mar 10, 2008

SUBJECT: PERF Beneficiary Change after Divorce.

FIRST AUTHOR: Rep. Saunders **BILL STATUS:** As Passed Senate
FIRST SPONSOR: Sen. Kruse

FUNDS AFFECTED: **GENERAL** **IMPACT:** State
X **DEDICATED**
FEDERAL

Summary of Legislation: (Amended) This bill:

(1) provides that a member of the Public Employees' Retirement Fund (PERF) who is receiving a benefit and who is a party in an action for dissolution of marriage may elect to change the member's beneficiary or form of benefit. (Current law allows only members of the Indiana State Teachers' Retirement Fund (TRF) to make such a change.) The bill provides that this change of beneficiary or form of benefit is also allowed if the dissolution of marriage occurs outside Indiana;

(2) provides that a member of the Indiana State Teachers' Retirement Fund who serves in an elected position while eligible to begin receiving retirement benefits has up to 30 days after the member's elected term of office ends to choose whether to retire from TRF or PERF; and

(3) authorizes under certain circumstances, until September 1, 2008, the surviving spouse of a deceased PERF or TRF member to be designated as the member's designated beneficiary and to receive benefits as a designated beneficiary to the extent that the surviving spouse otherwise qualifies for the benefits.

Effective Date: January 1, 2008 (Retroactive); Upon passage; July 1, 2008.

Explanation of State Expenditures: (1) Changing the beneficiary for dissolution of marriage outside of Indiana will result in additional expenditures for PERF of a minimal amount; estimated at $10,000. This would include a one-time cost for the actuary to produce a new actuarial table, with PERF performing the actual recalculation of the benefits. PERF does not charge the member for recalculation of the benefit. The fund affected is the PERF Administrative Fund.

Benefits will be recalculated only to the extent permitted by the Internal Revenue Code and applicable regulations. Also, the PERF Board of Trustees may obtain any approvals that the Board considers necessary or appropriate from the Internal Revenue Service.

(2) Providing that a member of the TRF who serves in an elected position while eligible to begin receiving retirement benefits has up to 30 days after the member's elected term of office ends to choose whether to retire from TRF or PERF will mean administrative expenditures of an indeterminable amount for the respective funds to determine the benefit payable.

(Revised) (3) Authorizing under certain circumstances, the surviving spouse of a deceased PERF or TRF member to be designated as the member's designated beneficiary and to receive benefits as a designated beneficiary likely will result in additional expenditures associated with the determination of eligibility. The amount is indeterminable and will depend upon the number of such cases.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: PERF; TRF.

Local Agencies Affected:

Information Sources: Andrea Unzicker, Chief Counsel for PERF, 317-233-4132; Doug Todd of McCready & Keane, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.